

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Review Item:

Audit Update and Review of the Commissioner's and Board's Expenses for the KBE Management Committee (Attachments under separate cover)

Applicable Statute(s) or Regulation(s):

KRS 45.149

History/Background:

Several audits have been completed or are currently in process since the last Audit Committee meeting. Some of the audits are conducted by the Office of the Auditor of Public Accounts ("APA") as part of their normal statutory functions and others are conducted by federal auditors reviewing certain federal programs. KDE staff will discuss the audits and answer the Management Committee's questions. Additionally, information on the commissioner's expenses and board's expenses will be presented.

Updates on audits since April 2011 are as follows:

State Audits:

FY2010 Statewide Single Audit –

The audit covers KDE's financial statements, federal expenditure information, federal programs and IT security governing the controls of MUNIS, SEEK and NHS. SSWAK Volume II was posted to the Internet Mar. 31, 2011, and there were no findings for KDE.

FY2011 Statewide Single Audit –

The audit covers KDE's financial statements, federal expenditure information, federal programs and IT security governing the controls of MUNIS, SEEK and NHS. The IT security segment has been completed and no findings have been posted at this time. The financial segment is in progress with an expected completion date of Nov. 2011.

FY10 A-133 School District Reviews –

Desk reviews to assist KDE in ensuring that audit reports of school districts and other entities meet applicable reporting standards and the Office of Management and Budget (OMB) Circular A-133 reporting requirement. The report has been completed and was posted to the Internet August 17, 2011. Only four districts had sub-standard findings.

Federal Audits:**Schools & Libraries Support Mechanism Funds Examination – E-Rate Audit -**

This is a federally-sponsored independent audit to assess compliance with FCC rules and to address requirements related to the Improper Payments Information Act. The USAC/E-rate Program has reviewed and accepted KDE's corrective action plan. Subsequently, the 2009 funding for E-rate has been released. KDE is still awaiting a decision on the penalty, if any, related to this item.

Impact on Getting to Proficiency:

Efficient and effective financial controls within the Kentucky Department of Education are essential to ensure that monies are used appropriately by KDE and by districts for the purpose of supporting schools and districts in reaching proficiency.

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Commissioner of Education**Date:**

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